



THE LEGISLATIVE ASSEMBLY OF
BRITISH COLUMBIA

**1999 Follow-Up of Performance
Audits/Reviews:**

**Management of Travel
Executive Severance
Trucking Safety**



**Select Standing Committee on
Public Accounts**

Report

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May 9, 2000

To the Honourable,
The Legislative Assembly of
the Province of British Columbia
Victoria, British Columbia

Honourable Members:

We have the honour to present the *Third Report* of the Select Standing Committee on Public Accounts for the Fourth Session of the Thirty-Sixth Parliament.

This *Third Report* covers the work of the Committee on the matter of 1999 Follow-up of Performance Audits/Reviews: Management of Travel, Executive Severance Practices, Trucking Safety. Respectfully submitted on behalf of the Committee.

Mr. Rick Thorpe, MLA
Chair

Ms. Evelyn Gillespie, MLA
Deputy Chair

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COMPOSITION OF THE COMMITTEE

MEMBERS

Rick Thorpe, MLA	Chair	<i>Okanagan Penticton</i>
Evelyn Gillespie, MLA	Deputy Chair	<i>Comox Valley</i>
Pietro Calendino, MLA		<i>Burnaby North</i>
Joy K. MacPhail, MLA (from November 2, 1999 – April 3, 2000)		<i>Vancouver-Hastings</i>
Glenn Robertson, MLA (from November 2, 1999 – April 3, 2000)		<i>North Island</i>
Erda Walsh, MLA (from June 28, 1999)		<i>Kootenay</i>
Rick Kasper, MLA		<i>Malahat-Juan de Fuca</i>
Steve Orcherton, MLA		<i>Victoria-Hillside</i>
Dennis Streifel, MLA (from April 3, 2000)		<i>Mission-Kent</i>
David Zirnhelt, MLA (from April 3, 2000)		<i>Cariboo South</i>
Gary Farrell-Collins, MLA		<i>Vancouver-Little Mountain</i>
Murray Coell, MLA		<i>Saanich North and the Islands</i>
Dr. John Weisbeck, MLA		<i>Okanagan East</i>
Jack Weisgerber, MLA		<i>Peace River South</i>

CLERK TO THE COMMITTEE

Craig James
Clerk of Committees and Clerk Assistant

RESEARCHER TO THE COMMITTEE

Kelly Dunsdon
Committee Researcher

TERMS OF REFERENCE

On Wednesday, March 15, 2000, the Select Standing Committee on Public Accounts was empowered to examine and inquire into all such matters and things as shall be referred to them by this House, and to report from time to time their observations and opinions thereon, with power to send for persons, papers, and records.

On Monday, April 3, 2000, the Honourable Dale Lovick Moved that the following reports of the Auditor General of British Columbia be re-referred to the Select Standing Committee on Public Accounts:

- Report on the 1997/98 Public Accounts - Part I (November 1998)
- Report 4: A Review of the Estimates Process in British Columbia (February 1999)
- Report 5: Protecting Drinking-Water Sources (April 1999)
- 1998/99 Annual Report: Auditing in the Public Interest (June 1999)
- Report 1: Follow-up of Performance Audits/Reviews (May 1999)
- Report 2: Report on Government Financial Accountability for the 1997/98 Fiscal Year Parts II and III (June 1999)
- Report 3: Maintaining Human Capital in the British Columbia Public Service - The Role of Training and Development (August 1999)
- Report 4: Managing the Woodlot Licence Program (August 1999)
- Report 5: A Review of the Fast Ferry Project: (October 1999)
- Report 6: Forest Renewal BC - Planning and Accountability in the Corporation; The Silviculture Programs (October 1999)
- Report 8: Social Housing - The Governance of the British Columbia Housing Management Commission And the Provincial Rental Housing Corporation; The Management of Social Housing Subsidies (November 1999)
- Report 9: Pulp and Paper Mill Effluent Permit Monitoring; Standards of Conduct in the Education And Health Sectors; Status of Public Accounts Committee Recommendations Relating to Prior Years' Compliance Audits (November 1999)
- Report 10: Report on Government Financial Accountability For the 1998/99 Fiscal Year (Parts I and II) (February 2000)

and that the following report of the Auditor General of British Columbia be referred to the Select Standing Committee on Public Accounts for the first time:

- Report 11: Towards a More Accountable Government: Putting Ideas Into Practice (March 2000)

In addition to the powers previously conferred upon the Select Standing Committee on Public Accounts, the Committee be empowered:

- (a) to appoint of their number, one or more subcommittees and to refer to such subcommittees any of the matters referred to the Committee;
- (b) to sit during a period in which the House is adjourned, during the recess after prorogation until the next following Session and during any sitting of the House;
- (c) to adjourn from place to place as may be convenient; and
- (d) to retain personnel as required to assist the Committee,

and shall report to the House as soon as possible, or following any adjournment, or at the next following Session, as the case may be; to deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, the Chair shall present all reports to the Legislative Assembly.

INTRODUCTION

The Auditor General performs follow-up reviews of all audits conducted by his office, in order to provide Members of the Legislative Assembly and the public with information on progress made in implementing audit recommendations. Further follow-up review may also be done if initial follow-up work reveals that significant recommendations have not been substantially implemented.

In 1999, the Auditor General conducted follow-up work relating to four performance audits and one review issued by his office in 1997. In addition, further follow-ups were done regarding two audits completed in 1996 and first followed up in 1998. The results of the follow-up work have been reported in the Auditor General's first report of 1999/2000, issued in May 1999, entitled *1999 Follow-up of Performance Audits/Reviews*.

That report contains follow-up information regarding the following:

- Ministry of Finance and Corporate Relations – Management of Travel (initial audit conducted during the period April to July 1996, and reported by the Auditor General in April 1997)
- Public Service Employee Relations Commission and Public Sector Employers' Council Secretariat – Executive Severance Practices in Ministries and Crown Corporations (initial audit focused on severance payments issued to senior executives during the period January 1, 1990 to November 30, 1995, and was reported by the Auditor General in April 1997)
- Insurance Corporation of British Columbia – Trucking Safety (initial audit conducted during the period January to June 1996, and reported by the Auditor General in December 1996; first follow-up review done December 1997 and reported in June 1998)
- B.C. Transit – Managing Operator Productivity, and Success as a Market-Focused Organization (initial audit conducted in 1996 and reported by the Auditor General in June 1997)
- Ministry of Attorney General, Provincial Emergency Program – Earthquake Preparedness (initial audit conducted during the period February to November 1997, and reported by the Auditor General in December 1997)
- British Columbia Ferry Corporation – Fleet and Terminal Maintenance Management (initial audit conducted during the period October 1994 and January 1995, and reported in February 1996; first follow-up review done December 1997 and reported by the Auditor General in June 1998)

Your committee met in October 1999 to consider the Auditor General's findings. However, the committee did not consider the follow-up information relating to B.C. Transit, as its Lower Mainland operations (which as of 1997 accounted for 86 percent of B.C. Transit's total expenditures) devolved to the Greater Vancouver Transportation Authority ("GVTA") effective April 1, 1999. The GVTA now operates the service as "TransLink". Furthermore, the committee's consideration of follow-up information relating to the Provincial Emergency Program (earthquake preparedness) and British Columbia Ferry Corporation (fleet and terminal maintenance management) will be reported in a separate report by this committee.

MINISTRY OF FINANCE AND CORPORATE RELATIONS – MANAGEMENT OF TRAVEL

INTRODUCTION

When the Auditor General undertook his audit in 1996, he sought to determine whether travel in the British Columbia government was being carried out at a reasonable cost, and managed efficiently. While the Auditor General concluded that the government had been successful in negotiating favourable hotel and vehicle rental rates, setting *per diem* allowances on meals, and enjoying administrative savings through the Amex corporate travel card, he also noted that there were substantial savings to be had by improving the way government manages travel. As a result, the Auditor General made eleven recommendations for improvement in the following areas:

- Gathering information to manage travel effectively
- Providing direction to travellers on making cost-effective choices, and regarding travel policies and guidelines
- Central monitoring of how travel dollars are spent, and effectiveness of policies
- Establishment of reimbursement rates for air travel, and meal, incidental and personal vehicle mileage reimbursement rates
- Administering the payment process
- Video-conferencing as an alternative to travel
- Maximizing purchasing power

The Auditor General also noted that in 1996, the Ministry of Finance and Corporate Relations issued a "Government Travel Review" report to Treasury Board. He recommended that the government review the recommendations contained in that report, and take the necessary steps to reduce travel expenditures.

Your committee reported on the original "Management of Travel" audit in its Second Report of the Second Session, Thirty-Sixth Parliament, dated March 25, 1998. That report endorsed the recommendations made by the Auditor General.

Representatives of the Ministry of Finance and Corporate Relations' Financial Management Branch, the Purchasing Commission and the Public Service Employee Relations Commission attended before your committee to

respond to the Auditor General's comments, and to provide an update on progress made since the Auditor General's follow-up work was done. Committee members were advised that, of the eleven recommendations made by the Auditor General, five have been partially implemented and six have been fully implemented. Your committee further learned that, while total spending on government travel was just over \$70 million in 1994/95, that figure had dropped to \$55.8 million in 1998/99.

Representatives of the Auditor General's office have reviewed the response of the ministry and advised your committee that there is nothing to indicate that the response does not present fairly, in all significant respects, the progress made in implementing the recommendations made in the 1997 audit report.

MINISTRY OF FINANCE AND CORPORATE RELATIONS TRAVEL REVIEW

In 1995, Treasury Board noted that travel expenditures over the previous three fiscal years had increased significantly, exceeding budgeted amounts by approximately \$3 million each year. As a result, the Ministry of Finance and Corporate Relations was directed to undertake a review of government travel management policy and practices. The results of that review were reported to Treasury Board in 1996, and numerous recommendations were made concerning the following:

- Consolidation of government travel policies
- Alternatives to travel
- Alternate modes of travel
- Discounts on airfare and other travel savings
- Data capture and administrative savings
- Travel expense savings

The ministry's report noted that if the recommendations were to be implemented, the government could accrue savings of at least \$5 million per year.

Follow-up information submitted to the Auditor General by the ministry in 1999 indicated that on August 8, 1996, the Secretary to Treasury Board had

**The Office of the Auditor General
recommended that:**

- Government should review the recommendations contained in the recent Ministry of Finance and Corporate Relations' report to Treasury Board on government travel, and take the necessary steps to reduce travel expenditures.

directed adoption of most of the recommendations resulting from the Government Travel Review. At the time of the follow-up review, there were two recommendations resulting from the review which had not been implemented by the government, as further studies determined that cost savings would not result. Those recommendations related to:

- Requiring ministry payment authority officers to exercise payment authority for ministers' travel claims, rather than the Ministry of Finance and Corporate Relations
- Requiring ministries to adopt travel agencies of record for all travel

INFORMATION-GATHERING FOR BETTER MANAGEMENT OF TRAVEL

Committee members were made aware that the Auditor General's recommendation relating to short-term and long-term strategies for information collection has been fully implemented. In the short term, the government has encouraged broader use of the Amex program, which traces expenditures for items such as vehicle rentals, hotel accommodations, cash advances, and some meals. In addition, a "Business Travel Account" ("BTA") has been established to track airline use and consolidate payments to airlines.

To address the Auditor General's recommendation for establishment of a long-term information collection strategy, the government has plans to add a corporate travel module to its Corporate Accounting System ("CAS"). However, it is not expected that the travel management module will be added to CAS until all ministries are on-line (April 2001).

The Office of the Auditor General recommended that:

- Government should develop both short-term and long-term strategies for collecting information to manage travel. Short-term strategies include better use of existing systems such as those available through the corporate travel card contract. Long-term strategies include decisions on developing travel components in the government-wide Corporate Accounting System or better using information systems offered by travel service providers.

PROVIDING DIRECTION TO TRAVELLERS

Your committee was pleased to hear that the government has consolidated all travel policy into one document, entitled the "General Management Operating Policy". That document is available on the Office of the Comptroller General's ("OCG") web site (www.fin.gov.bc.ca/cg/fmb/manuals/gmop/Cmtoc.htm), and is fully searchable. In addition, the OCG has produced a "Pocket Travel Guide". That guide contains travel policies and a card outlining current travel allowances. Committee members were informed that approximately 3,500 copies of the guide have been distributed. Your committee was also made aware that the Purchasing Commission's web site (<http://www.pc.gov.bc.ca>) contains an electronic version of the Government Business Travel Guide, major travel policy directives, and a link to the OCG site.

The Office of the Auditor General recommended that:

- Government should consolidate travel policies in one document and ensure they are available to all who travel or approve travel. In addition, a pocket version of the policies should be developed for easy reference by employees
- Government should ensure that communications to employees include specific guidelines and examples that demonstrate its philosophy that employees should use the most cost-effective method when making travel choices.

Your committee was informed that the Auditor General's recommendation to communicate guidelines and examples of cost-effective travel choices to employees has been fully implemented. Examples of cost savings are now available in the General Management Operating Policy manual and on the Purchasing Commission web site. As well, employees are specifically encouraged to make cost-effective travel choices by booking early and obtaining excursion fares where feasible. Moreover, spending authorities/travel managers within ministries are working with government travellers to ensure that when cost-effectiveness of travel options is being assessed, the financial value of employees' time is part of the assessment.

MONITORING HOW TRAVEL DOLLARS ARE SPENT

The Auditor General's recommendation relating to monitoring how travel dollars are spent, maximizing value for money and achieving policy

objectives has been only partially implemented, because to date responsibility for monitoring government travel remains spread among the Purchasing Commission, Office of the Comptroller General (development of general government travel policy), Information, Science and Technology Agency (development of video-conferencing policy), and the Provincial Treasury (monitoring of Amex card usage).

The Office of the Auditor General recommended that:

- Government should monitor how travel dollars are spent and through strategic planning, policy development and evaluation ensure that value for money is maximized and travel policies are accomplishing what is intended

In particular, the Purchasing Commission monitors Business Travel Account expenditures, Preferred Travel Agency Agreement program and car rental agreements. Concerns were raised from within the committee regarding monitoring Preferred Travel Agency Agreements to ensure the best value for money is being obtained. Committee members heard that Preferred Travel Agency Agreements contain terms requiring agents to find the most cost-effective travel options for government travellers. However, due to resource constraints the onus is on individual government travellers to report on the effectiveness of travel agencies in meeting this term. When concerns are raised, they are communicated to agencies through ministry representatives responsible for travel management. The Comptroller General advised committee members that in the private sector, firms that use a single travel agency of record ensure that strong contractual provisions are in place requiring agents to provide the most cost-effective travel arrangements available, and to refund any difference between the price obtained by the agent and a lower available price. To monitor compliance with this term, audit programs are established. In this regard, your committee discussed the need for an audit program to ensure that Preferred Travel Agency Agreements are providing value for money in service delivery.

AIRFARE SAVINGS OPTIONS

Of the approximately \$55.8 million spent on government travel in 1998/99, \$15 – 20 million was spent on airfare. In 1994 an internal study was done for Cabinet which revealed that, although travel agents were effective at obtaining cost advantages from suppliers, those advantages were not being passed on to government. As a result, a number of airfare savings options were identified, as follows:

- One travel agency for all of government
- Pre-approved travel agencies
- Negotiating a price structure with airlines
- In-house travel agency

The Auditor General recommended in 1997 that the government proceed with one or more of the options identified in the study. In this regard, your committee was advised that the Auditor General's recommendation has been partially implemented by the following actions:

- Employees have been encouraged to book ahead and seek excursion fares where feasible
- More use is being made of discount carriers, such as WestJet and Canada 3000
- Alternatives to travel, such as video-conferencing and tele-conferencing, have been encouraged where feasible
- More monitoring of the Internet for fare discounts or opportunities for travel alternatives has taken place.

As discussed above in this report on page 7, the government has also established Preferred Travel Agency Agreements. However, the government has avoided moving toward use of a single travel agency of record, in recognition of the economic impact this may have on some communities.

Committee members were further advised that currently there are few opportunities available for airfare or travel agency commission discounts. Discussions have taken place between the Purchasing Commission and the major airlines regarding possible discount structures. However, during those discussions both major airlines took the position that a commitment of approximately 80% of government business, plus consolidation of government business down to only two to four travel agencies (or groups of

The Office of the Auditor General recommended that:

- The government should proceed with one or more of the airfare savings options identified in the 1994 study prepared for Cabinet, as a means of reducing the cost of air travel, and continue to monitor the industry for new opportunities for savings

agencies), would be required before any serious discounts could be offered. Representatives of the Office of the Comptroller General submitted that consolidation of government business to this degree could have regional impacts on service to communities around the province, and therefore as of October 1999 the government was awaiting the outcome of the proposed merger between the airlines before further exploring discount opportunities. The government has also approached the major airlines regarding pooling airline points acquired by government travellers in order to obtain discounts, but this option has been rejected by airline representatives, who view airline points as rewards for customer loyalty rather than means by which businesses or governments can obtain airfare discounts.

Your committee also discussed the fact that currently, there is no cooperation between provincial governments to try to obtain discounted airfare structures for government travel, although it was acknowledged that this could prove a useful mechanism.

REIMBURSEMENT RATES

The Auditor General's original report issued in 1997 noted that the government distinguished four groups for the purposes of reimbursing travellers for meals, incidental expenses and personal vehicle mileage. As such, it was recommended that the government determine whether multiple reimbursement rates are appropriate. The Auditor General further recommended that the government review the kilometric reimbursement rate, and consider the recommendation of the 1995 Government Travel Review to remove rates as a bargaining item in union agreements.

Committee members learned that the number of groups for the purposes of reimbursement remains at four.

Representatives of the Public Service Employee Relations Commission submitted that the original rationale for different reimbursement rates was that union contracts contain reimbursement provisions regarding items such as phone calls, dry cleaning and portage, while management is on a per diem rate. As a result, there has been an attempt to build some of these costs into reimbursement rates for management-level employees. However, the Public Service Employee Relations Commission, along with the Office of the Comptroller General and

The Office of the Auditor General recommended that:

- The government should consider the recommendation of the 1995 Government Travel Review to remove rates as a bargaining item in the union agreements and review the meal and incidental rates to determine whether multiple reimbursement rates are appropriate. It should also review the kilometric reimbursement rate to ensure that it is based on actual costs.

ministries, does plan to review multiple meal and incidental reimbursement rates and bring any recommendations resulting from that review to Treasury Board for approval. These discussions will include a consideration of options for reducing the requirement for receipts.

In addition, an investigation has revealed that, based on BCAA statistics and guidelines, the provincial kilometric reimbursement rate for government employees in British Columbia is reasonable in comparison with other provinces in Canada.

Finally, committee members were advised that because meal and kilometric reimbursement rates are negotiable items within existing collective agreements, it is unlikely that unions will agree to the removal of rates as bargaining items in collective agreements. Therefore, this portion of the Auditor General's recommendation has not been implemented to date.

MEAL COSTS

Committee members were advised that the Auditor General's recommendation regarding meal costs for frequently-travelled locations has been fully implemented.

The Public Service Employee Relations Commission has been reviewing meal costs and comparing these to reimbursement rates, and plans to continue such reviews.

The Office of the Auditor General recommended that:

- The government should periodically obtain information on meal costs for the most frequently travelled locations in the Province, based on a level of service which it has defined, and compare the results to the reimbursement rates to ensure they are reasonable

ADMINISTRATION OF THE PAYMENT PROCESS

Representatives of the Ministry of Finance and Corporate Relations informed committee members that the Auditor General's recommendation with respect to use of the corporate travel card has been fully implemented. The government has been successful in encouraging the use of the Amex corporate travel card, and collective agreements have also supported card usage. For example, between April 1997 and September 1999, the number of government travellers carrying the card increased by approximately 47%, from 5,700 to 8,500. Increased card usage has considerably decreased the use of travel advances.

Your committee was further advised that the recommendation relating to streamlining of administrative processes has been partially implemented. It was submitted that the new Business Travel Account, which contained 650 travel accounts as of September 1999, contributes to streamlining by:

- Collecting airline usage statistics;
- Helping to avoid extra billings from travel agencies
- Consolidating payments for airline tickets, and thereby avoiding service fees – it is estimated that this has effected annual savings of approximately \$800,000

In addition, your committee notes that an Electronic Travel Voucher form is being implemented on a pilot project basis in several ministries, with built-in coding that automatically calculates per diem entitlements, checks accommodation amounts entered, provides a warning regarding discrepancies between data entered and existing travel policy, and calculates totals. As of October 1999, however, government had not assessed the cost savings resulting from the use of Electronic Travel Voucher forms. It was also drawn to your committee's attention that Electronic Travel Vouchers will not eliminate the need to track receipts for reimbursements, and so options are being explored to try and eliminate administrative costs relating to receipt tracking as well. However, it was emphasized to the committee that administrative savings resulting from a "receiptless" process will have to be balanced against potential costs resulting from inappropriate or inaccurate claims. In this regard, the importance of having an audit program in place was discussed.

Your committee also discussed the possible savings that may result from government travellers exploring their own travel options, and using electronic ticketing in order to reduce administrative costs. Representatives of the Purchasing Commission noted that it is extremely time-consuming to collect information and compare options related to travel arrangements, and moreover that it would require significant training of employees. However, your committee did hear that this option will be explored in more detail over the next few years.

The Office of the Auditor General recommended that:

- The government should continue to promote the use of its corporate travel card
- The government should review the cost-benefit of automating travel related systems and take a comprehensive and integrated approach to the streamlining of expense processing, reimbursement, payment to suppliers, and information management of the travel function. This approach should provide direction and support to ministries currently attempting to carry out these initiatives on their own

VIDEO-CONFERENCING

Since the Auditor General made his recommendation with respect to video-conferencing in 1997, the number of government video-conferencing sites across the province has grown, and video-conferencing is being used on an increasingly frequent basis. In addition, some ministries have set up their own video-conferencing sites. Your committee heard that the savings from the implementation of video-conferencing have been estimated at \$400,000 for the fiscal year 1998/99. In addition, a General Management Operating Policy relating to video-conferencing has been drafted for approval by Treasury Board.

The Office of the Auditor General recommended that:

- As recommended in the 1995 Government Travel Review, the government should develop a government-wide policy on video-conferencing and continue to promote its use across government.

RECOMMENDATIONS

Your committee recommends that:

1. The government ensure full implementation of the Auditor General's recommendations contained in his Report 7 of 1996/97, *Management of Travel*, as follows:
 - The government should review the recommendations contained in the recent Ministry of Finance and Corporate Relations report to Treasury Board on government travel and take necessary steps to reduce travel expenditures
 - The government should monitor how travel dollars are spent and through strategic planning, policy development and evaluation ensure that value for money is maximized and travel policies are accomplishing what is intended
 - The government should proceed with one or more of the airfare savings options identified in the 1994 study prepared for Cabinet, as a means of reducing the cost of air travel, and continue to monitor the industry for new opportunities for savings
 - The government should consider the recommendation of the 1995 Government Travel Review to remove rates as a bargaining item in the union agreements and review the meal and incidental rates to determine whether multiple reimbursement rates are appropriate
 - The government should review the cost-benefit of automating travel related systems and take a comprehensive and integrated approach to the streamlining of expense processing, reimbursement, payment to suppliers, and information

management of the travel function. This approach should provide direction and support to ministries currently attempting to carry out these initiatives on their own

2. The government should conduct a cost-benefit analysis with respect to the use of Electronic Travel Voucher forms.
3. The government should continue its efforts to add a corporate travel module to the Corporate Accounting System.
4. The government should consider establishing an audit program to monitor compliance with the terms of Preferred Travel Agency Agreements.
5. A report prepared by the Ministry of Finance and Corporate Relations should be tabled with the Select Standing Committee on Public Accounts, as to what has actually been done with respect to recommendations 1, 2, 3 and 4. This report is to be tabled no later than October 31, 2000.

EXECUTIVE SEVERANCE PRACTICES IN GOVERNMENT MINISTRIES AND CROWN CORPORATIONS

INTRODUCTION

Human resource management and severance arrangements in the British Columbia were the subjects of inquiry in 1989 and in 1992. In 1989, the Nemetz Inquiry, headed by the Honourable Nathan Nemetz, Q.C., Chief Justice for the Province of British Columbia was initiated to inquire into severance policy for senior public employees in British Columbia (specifically, deputy ministers and chief executive officers of Crown corporations). The result of the inquiry was several recommendations aimed at improving accountability for severance arrangements. Specifically, recommendations were made respecting consistent treatment of severances, ensuring severance amounts reflect private sector and court-ordered awards, and ongoing review and reporting of severance guidelines.

In 1992, the Commission of Inquiry into the Public Service and Public Sector (the "Korbin Commission") was established to inquire into human resource management issues in the public service, including health, community social services, education (K-12), colleges and institutes, universities, Crown corporations, boards and agencies and, to a lesser extent, municipalities. The Korbin Commission made several recommendations to improve accountability, coordination, and effectiveness of human resource management in the province, and to balance union/management and employer/employee interests. Key recommendations included:

- A new *Public Service Act*, empowering a new central human resource agency to coordinate human resource matters in the public service
- Establishment of a Public Sector Employers' Council ("PSEC"), to advise broad public sector employers on strategic directions and public sector human resource issues
- Establishment of an employer association in each public sector
- Legislation with respect to PSEC and associated sectoral associations.

In response to the recommendations of the Korbin Commission, a new *Public Service Act* was passed, establishing the Public Service Employee Relations Commission ("PSERC"). PSERC is responsible for providing leadership in personnel management in the public service, advising ministries and agencies on employee benefits, career development, classification and organizational structures, training and development, employment equity policies and

programs, labour relations, policy development and implementation, and staffing and workforce adjustment. As part of its work, PSERC is responsible for administering severance arrangements for provincial government ministries.

The Public Sector Employers' Council ("PSEC"), established under the *Public Sector Employers Act* in response to the Korbin Commission's recommendations, has a mandate to improve the coordination and management of human resources and labour relations issues in the broad public sector. PSEC is composed of eight ministers or deputy ministers, the Commissioner of PSERC, and representatives from each of the six public sector employers' associations (B.C. Public School Employers Association, Post-Secondary Employers' Association, University Public Sector Employers Association, Crown Corporations Employers Association ("CCEA"), Community Social Service Employers Associations, and the Health Employers Association of B.C.).

THE 1996 AUDIT

The Auditor General's 1996 audit of executive severance practices in ministries and Crown corporations focused on the extent of severance costs resulting from the termination of employment of senior executives. Senior executives were defined as those with classifications of "Management Level" 9 to 12, which includes mainly Assistant Deputy Ministers, Deputy Ministers and Order-in-Council appointments under the *Public Service Act*. In particular, the Auditor General examined whether government had provided direction to ministries and major Crown corporations to ensure that severance guidelines were in place and were reasonable and consistent, and to monitor compliance and report senior management severance costs to the Legislative Assembly.

As a result of his original audit, the Auditor General had determined that:

- From January 1990 to November 1995, \$13.7 million in severance payments was paid to 87 executives
- The average severance payment in ministries was \$133,250 (representing an average of 15 months of equivalent gross salary and benefits)
- The average severance payment in Crown corporations was \$180,258 (representing an average of 16.3 months of equivalent gross salary and benefits)

- Most recommendations resulting from the 1989 Nemetz Inquiry and the 1992 Korbin Commission had been implemented in ministries, but not in Crown corporations

While the Auditor General found that most executive severance settlements relating to ministry employees were reasonable, one out of every four payments made to terminated executives in Crown corporations was found to be excessive. Most of these payments were made by B.C. Transit and the Workers Compensation Board.

Severance payments considered by the Auditor General to be "excessive" were those exceeding 24 months, as common law standards of reasonable notice of termination developed by the courts over the past 10 years provide that in most cases a maximum of 24 months equivalent salary and benefits will be awarded for compensation in lieu of notice. A leading case in this regard is the 1997 Supreme Court of Canada decision in *Wallace v. United Grain Growers Ltd.* However, representatives of PSEC did note that some more recent judgments coming out of British Columbia courts have awarded as much as 36 months in lieu of notice.

As a result of the audit, the Auditor General made several recommendations to ministries and Crown corporations relating to:

- Severance guidelines, and compliance with those guidelines
- Reporting of information to the Legislative Assembly

In December 1998, the Auditor General asked the Public Service Employee Relations Commission ("PSERC") and the Public Sector Employers Council ("PSEC") Secretariat to provide an update on progress made in implementing the recommendations. That information was then reviewed by the Office of the Auditor General, and found to present fairly, in all significant respects, the progress made in implementing the Auditor General's recommendations.

Your committee met in October 1999 to discuss the follow-up information regarding executive severance in ministries and Crown corporations, as contained in the Auditor General's report *1999 Follow-up of Performance Audits/Reviews*. At that time, committee members received submissions from representatives of the Office of the Auditor General, PSERC and PSEC.

Alternative Severance Options

In April 1996, PSERC introduced a new severance policy, the general thrust of which was that terminated employees should normally be provided with "working notice". Working notice requires terminated employees to continue performing job duties until the period of reasonable notice ends. The 1996 policy provides for a 60 day working notice period to assist in identifying alternate employment in the public service, with the remainder of any severance entitlement to be paid in a series of installments over the severance period, or by a discounted lump sum payment. However, the Auditor General found in his review that working notice may not always be the best severance option. For example, he noted that changes in a terminated employee's loyalty, anxiety levels, morale and job satisfaction may impact on productivity and costs. He further found that the new PSERC policy introduced in 1996 did not provide direction regarding circumstances that may warrant immediate severing of the employment relationship, nor regarding compensation in lieu of reasonable notice. As a result of these findings, the Auditor General recommended that PSERC identify alternative severance strategies.

The Office of the Auditor General recommended that:

- Where working notice is not a practical severance option, the Public Service Employee Relations Commission's severance policy should identify alternative strategies.

Representatives of PSERC have advised that the provincial government's severance policy allows the Commissioner of PSERC, after considering all relevant facts, to provide alternate severance arrangements where working notice of termination is not practical.

Severance Policy for Deputy Level Executives

The Auditor General's original audit found that the new severance policy introduced by PSERC in 1996 does not apply to Deputy and Associate Deputy Ministers, who instead are covered by a 1989 Treasury Board directive which does not address issues such as double-dipping or alternative severance options. The Auditor General was of the view that the directive must be strengthened to address these issues.

Your committee was pleased to hear that the Auditor General's recommendation regarding "double dipping" has been fully implemented. PSERC's severance agreements now contain a stronger provision stating that employees must notify PSERC of any public sector contract or employment.

Monitoring compliance with these provisions is done through spot audits of payroll records, review of rehire situations of previously terminated employees, and improved information-sharing between branches of PSERC.

Your committee also learned that following completion of the audit, the *Public Sector Employers' Act* was amended by Bill 20 in 1997. Bill 20 gave the government the power to adopt as regulations, retroactive to May 1, 1997, employment termination standards ("ETS") established by the Public Sector Employers' Council (see section 4.2 of the amended *Act*). The ETS apply

severance guidelines arising from the common law to employment termination standards for "exempt employees", meaning those that are excluded from membership in a bargaining unit. The ETS do not apply to unionized employees because their severance practices are established through collective bargaining. Section 6 of the standards requires repayment of severance compensation if a terminated employee is re-employed in the public sector during the settlement period. Moreover, section 15.1 of the amended *Act* provides that if an employee fails to re-pay money received through "double-dipping", that amount becomes a debt payable to the government by the individual who received the payment.

The ETS also include the following provisions:

- No severance where termination has been for cause, employment contract has expired, employee has retired, or has voluntarily resigned, except in limited circumstances
- Where there is no employment termination plan approved by PSEC, severance is limited to the lesser of an amount equal to the remainder of a fixed term contract, or an amount provided under common law
- Severance cannot exceed 24 months equivalent salary and benefits
- Fixed term contracts are restricted to a maximum of 5 years
- During the notice period, employees may be re-assigned to other duties with the same or a successor employer
- Provision allowing PSEC to collect severance information for appropriate purposes.

With respect to the Auditor General's recommendation that terminated employees be given the option to receive either discounted lump sum payment or full salary continuance, your committee has learned that there

The Office of the Auditor General recommended that:

- As part of its periodic review of severance arrangements with senior executives at the Deputy and Associate Deputy Minister levels, government should consider both strengthening measures to control "double dipping" and providing terminated employees the option to receive either discounted lump sum payments or full salary continuance.

has been a policy change. As a result, Associate Deputy Ministers are now covered by the standard severance policy, which is based on the Nemetz Inquiry recommendations and provides that discounted lump sum payments can be made in lieu of continued salary.

Employee Severance Information

The Auditor General's original audit revealed that most individual severance files were maintained on a manual basis only, and that computerized reports that were produced were incomplete and not inclusive of all costs. The Auditor General also noted that in 1993, the Office of the Comptroller General did an internal audit, and recommended that PSERC review its information requirements and improve certain computerized file management practices. As a result, in his 1997 report the Auditor General recommended that all employee severance information be computerized by PSERC as soon as possible.

The Office of the Auditor General recommended that:

- As soon as possible, the Public Service Employee Relations Commission should computerize all employee severance information.

In its response contained in the Auditor General's report *1999 Follow-up of Performance Audits/Reviews*, PSERC notes that the recommendation regarding computerization of employee severance information has been fully implemented, as part of PSERC's integration of its information systems with the Corporate Human Resource Information Payroll System. As a result of this effort, all employee severance information is now contained in a Microsoft Access database.

CROWN CORPORATIONS

Crown Corporation Employers' Association Guidelines and Crown Corporation Proposals

In 1995, the Crown Corporation Employers' Association ("CCEA") developed guidelines for compensation, including severance. The guidelines that were developed were general in nature, to reflect the diversity of the Crown corporations sector. The guidelines recommended that severance payments be limited to a maximum of 24 months salary and benefits. In addition, individual corporations were to draft their own specific proposals for

The Office of the Auditor General recommended that:

- The Public Sector Employers' Council should quickly approve the Crown Corporation Employers' Association guidelines, and require early submission of individual Crown corporation proposals.

compensation benchmarks. Although the guidelines were submitted to PSEC late in 1995, as of the date of the audit they had not been approved. Moreover, the Auditor General had found that there were fiscal pressures causing a delay in Crown corporations' submission of compensation proposals. As such, the Auditor General recommended that the guidelines be approved by PSEC, and individual Crown corporations be required to submit their proposals.

Your committee was informed that this recommendation has been partially implemented. Representatives of PSEC advised that on January 30, 1997, the "Crown Corporation Exempt Compensation Guidelines" were approved by PSEC. However, it was noted that the ETS under the *Public Sector Employers Act* provide better control over and accountability for public sector severances and, because they are regulations, supersede the guidelines and any Crown proposals, which are only directory in nature. However, Crown proposals are nevertheless expected to reference the ETS, and be consistent with CCEA guidelines. In this regard, committee members learned that the process of moving ahead with submission of individual Crown proposals is still under discussion.

Employment Contracts

In the course of his audit, the Auditor General had found that contracts between Crown corporation employers and senior executives, while not in wide use, have resulted in severance settlements greater than settlements likely to be awarded under corporate policy or the common law. This is due to the fact that such contracts often include provisions stating that if an executive is terminated prior to the contract expiry date, compensation equal to a certain number of months' salary must be given in lieu of notice. In one contract reviewed by the Auditor General, the termination provision stated that severance compensation would be equal to either time remaining in the term of the contract or 24 months, whichever was longer. Severance of 28 months was paid, as there was 28 months left in the term of the contract when the executive was terminated.

The Office of the Auditor General had recommended that:

- Employment contracts should contain severance provisions that reflect common law standards.

Committee members were advised that this recommendation has been partially implemented. As a result of Bill 20's amendment of the *Public Sector Employers Act*, section 4.2(3) of the amended *Act* states that the employment termination standard regulation is deemed to be included in all contracts of employment commenced, changed or renewed on or after May 1, 1997, and

that any provision in such a contract of employment that is inconsistent with the regulation is of no force or effect. As well, the PSEC Secretariat has started collecting Crown corporation exempt (not covered by collective agreement) employee contracts for senior executives, and plans to analyze them to determine the extent to which they specifically incorporate the ETS. Finally, to respond to concerns identified by the Auditor General, the Secretariat has implemented a severance reporting form to monitor employment termination outcomes and compliance with the ETS. Your committee heard that, where severance payments are found to be inconsistent with the standards, action is taken to ensure that the standards are complied with.

Severance Arrangements Exceeding Sector Guidelines

A further accountability issue was identified by the Auditor General during his audit of executive severance practices in Crown corporations. He noted that neither the *Public Sector Employers Act*, PSEC standards, nor CCEA guidelines contained the requirement that individual Crown

The Office of the Auditor General recommended that:

- Crown corporation severance arrangements exceeding sector guidelines should require formal approval by the Public Sector Employers' Council before finalization.

corporations report non-adherence to the CCEA guidelines. Moreover, the standards and guidelines did not identify a specific reporting structure, nor did they state the consequences of non-adherence to the guidelines.

It was submitted to committee members that the 1997 amendments to the *Public Sector Employers Act* were designed to limit exceptions to the common law regime contained in the ETS. It was also pointed out that there are now two provisions in the ETS regulation which fully address the Auditor General's recommendation, as follows:

- Section 2(2): provides that, despite the prohibition on giving employees a notice period or severance in cases of termination for cause, expiry of fixed-term contracts, voluntary resignation or retirement, employers may provide severance under a labour adjustment policy or program approved by PSEC (labour adjustment policies or programs are designed to address issues arising from downsizing, business process improvement and technological change. PSEC has also developed labour adjustment principles to assist employers in negotiating labour adjustment provisions with unions);
- Section 5(1)(a): provides that severance must not exceed an amount calculated according to an employment termination plan that has been approved by PSEC. In this regard, your committee heard that on October

2, 1997, PSERC employment termination guidelines were approved as an employment termination plan under the ETS, and that those guidelines have been commented on favourably by the Auditor General.

Reporting to the Legislative Assembly

The 1996 audit had revealed that although the government, in response to a recommendation coming out of the 1989 Nemetz Inquiry, had issued a directive requiring PSERC to report annually to the Legislative Assembly regarding severance arrangements for terminated employees at the management level, Crown corporations were not required to provide similar information. The Auditor General has stated that because Crown corporations derive their existence and authority from the Legislative Assembly, they should be accountable by reporting regularly on their performance to the Assembly.

The Office of the Auditor General recommended that:

- Where severance provisions are not covered under any collective agreement, Crown corporations should be required to report annually to the Legislative Assembly the number of severance arrangements negotiated in the previous year and the range of equivalent months' gross salaries such arrangements represent.

In this regard, your committee was made aware that the Auditor General's recommendation has been partially implemented. Representatives of the Auditor General's office advised that, while PSEC is gathering data regarding compensation and severance arrangements, there were apparently no plans to report such information to the Legislative Assembly unless specifically requested. However, in this regard your committee was assured by representatives of PSEC that the information would be released to the public as well as to the Legislative Assembly.

PSEC representatives briefed the committee on section 4.1(4) of the *Public Sector Employers Act*, as amended in 1997. That provision requires employers to provide PSEC with copies of all employment contracts and other information requested by PSEC for the purpose of monitoring compliance with the ETS, or assisting PSEC in the development and revision of ETS. Aside from collecting information on severances that have actually occurred since 1997, and comparing them with the range of severance awarded by courts, PSEC is also in the process of collecting those contracts identified as "high-risk" (senior executive and direct reporting officer contracts). As of the date your committee met to consider this issue (October 1999) the status of the initiative was as follows:

- 15 of 17 Crown corporations had reported the requested information, and PSEC was in the process of clarifying some of the data it has received

- The B.C. Public Schools Employers' Association ("BCPSEA") was leading the initiative to collect information from school districts in the province. As of October 1999, 39 of 60 school districts had responded, and the BCPSEA was following up with the remaining districts
- 4 out of 6 universities had provided the requested information – of the two universities whose responses have not been completed, one of them required extra time for administrative purposes, and the other had not had any severance occurrences
- A target date of November 5th was set for receiving colleges' information
- In the health sector, the Health Employers Association is undertaking the collection of employment contract information, and responses are anticipated early in 2000
- PSERC is collecting similar information in the rest of the public sector

Your committee heard that preliminary review of the information indicates no reported violations of the *Act* or the ETS, a decrease in average severance payments from a ratio of 1.6 months per year of service to approximately 1 month per year of service, and no reported severances exceeding 24 months. However, information-collection efforts will be completed early in 2000, and at that time PSEC will produce and publish employment termination data, and make it available to the Legislative Assembly. Your committee plans to receive an update on PSEC's efforts in the spring of 2000.

RECOMMENDATIONS

Your committee recommends that:

6. The government ensure full implementation of the Auditor General's recommendations contained in his Report 8 of 1996/97, *Executive Severance Practices: Government Ministries and Crown Corporations*, as follows:
 - The Public Sector Employers' Council should require early submission of individual Crown corporation proposals
 - Where severance provisions are not covered under any collective agreement, Crown corporations should be required to report annually to the Legislative Assembly the number of severance arrangements negotiated in the previous year and the range of equivalent months' gross salaries such arrangements represent.
7. The government should continue its efforts to collect and analyze severance information and exempt employment contracts in order to

ensure that severance arrangements and provisions reflect common law standards as referenced in the *Employment Termination Standards*.

8. The Public Sector Employers' Council is to table a report with the Auditor General's office no later than October 31, 2000, clearly stating the progress which has, or has not, been made with respect to recommendations 6 and 7.

INSURANCE CORPORATION OF BRITISH COLUMBIA – TRUCKING SAFETY

INTRODUCTION

According to representatives of the Insurance Corporation of British Columbia, the trucking safety enforcement part of the corporation's business contributes approximately \$26 million in net benefits to the province of British Columbia. These benefits derive from a reduction in the need for road rehabilitation (which is necessitated in part due to the operation of commercial vehicles at weights over the limits prescribed in regulation), and from prevention of motor vehicle accidents involving commercial vehicles.

However, in 1996 the Auditor General reported that over the previous few years, there were several notable trucking accidents. He identified costs resulting from such accidents as including financial costs (direct property damage, higher insurance rates, increased fees and taxes for health care and criminal justice systems), as well as significant social costs associated with loss of life, injury and loss of productivity. As a result, an audit of trucking safety in British Columbia was initiated in January of 1996.

As well, in November of 1996 the Task Force on Commercial Vehicle Safety, chaired by Paul Landry of the B.C. Trucking Association and Vicki Farrally of the Motor Vehicle Branch, began its work. The Task Force issued a report in April 1997, making 32 recommendations relating to driver licensing standards, enforcement programs, National Safety Code standards, commercial vehicle inspection programs, carrier incentives, shippers standards, and coroners' inquest recommendations and responses.

THE WORK OF THE AUDITOR GENERAL AND THE COMMITTEE

In December of 1996, the Auditor General conducted an audit of the Motor Vehicle Branch of the Ministry of Transportation and Highways ("the branch"), relating to trucking safety in British Columbia. The audit focused on three trucking safety enforcement programs: fixed weigh scales, portable weigh scales and carrier safety audits. The Auditor General concluded that none of these programs was well-designed or well-implemented. As well, the audit assessed the extent to which the branch had examined whether its three enforcement programs were the most effective alternatives in achieving trucking safety.

The results of the audit were disturbing. It was revealed that the severity of accidents was increasing and that, if inspected, approximately one out of every five commercial vehicles would be taken out of service for defects, including faulty brakes. Moreover, the Auditor General found that the three trucking safety enforcement programs were not well-designed, nor were they well-implemented by management. Finally, it was determined by the Office of the Auditor General that the branch had not determined whether its enforcement programs were the most effective alternatives in achieving trucking safety and, as such, assurances regarding the effectiveness of these programs (from a cost and safety perspective) were difficult to provide.

As a result, the Auditor General made 23 recommendations to the branch relating to the following areas:

- Measuring and evaluating program results
- Establishing trucking safety standards
- Removing unsafe trucks and drivers from the road
- Looking for better ways to achieve trucking safety

Your committee's consideration of the Auditor General's 1996 report is reported in the committee's Second Report of the First Session, Thirty-Sixth Parliament, dated May 12, 1997.

In December 1997, the branch became an agency of the Insurance Corporation of British Columbia. At that time, the Auditor General received a progress report from the corporation with respect to the implementation status of his recommendations. He found that, although an action plan had been developed and a Commercial Vehicle Project set up to address recommendations arising from the Task Force on Commercial Vehicle Safety, only four of the 23 initial recommendations arising from the audit had been fully implemented. The progress report and Auditor General's review thereof was included in the Auditor General's 1998/99 Report 1, entitled Follow-up of 1996 Performance Audits/Studies.

Your committee's consideration of the Auditor General's follow-up review is reported in the committee's Sixth Report of the Third Session, Thirty-Sixth Parliament, dated July 6, 1999. In addition to recommending that the corporation continue its efforts to ensure timely implementation of the

Auditor General's 1996 recommendations, your committee made five other recommendations relating to the following:

- Improving the relationship between the Motor Vehicle Branch and the trucking community
- The hours of operation of portable weigh scales
- Utilization of information contained in National Safety Code profiles
- Continued efforts to ensure timely implementation of the Auditor General's 1996 recommendations regarding trucking safety in British Columbia
- Re-attendance of corporation representatives before the committee to report on progress in implementing recommendations

In December 1998, the Auditor General conducted a further follow-up review of the corporation's progress in implementing the 19 recommendations that had not been implemented at the time of the first follow-up review. The corporation's progress update and Auditor General's review of the information contained in the update was reported in the Auditor General's 1999/2000 Report 1, entitled 1999 Follow-up of Performance Audits/Reviews.

In October of 1999, your committee met again to consider the issue of trucking safety in British Columbia in the context of the Auditor General's 1999 follow-up. At that time, submissions were received from representatives of the Auditor General's office and the Motor Vehicle Branch of the Insurance Corporation of British Columbia regarding the 19 recommendations which remained outstanding. Those representative advised your committee that in their view, of the 23 recommendations made as a result of the original 1996 audit, ten have been completed, three are ongoing, four were not accepted, and the remainder are in progress. In addition, your committee was provided with a "completion plan" outlining the corporation's target dates for implementation of recommendations still considered to be in progress. Target completion dates are listed in this report at Appendix III.

MEASURING AND EVALUATING PROGRAM RESULTS

In his 1996 audit, the Auditor General found that the branch had not defined "trucking safety", and had not established a clear relationship between the impact of its trucking safety enforcement programs and the state of trucking safety. Furthermore, the branch had not developed performance indicators or targets in order to achieve trucking safety, nor had it instituted a program evaluation framework.

When the Auditor General's 1999 follow-up review of trucking safety was conducted, he found that the recommendations pertaining to performance measurement and program evaluation had been partially implemented. Two other recommendations resulting from the original audit in 1996 relating to the relationship between the branch and the trucking community, and coroners' recommendations, were not examined in the 1999 follow-up review, as it was determined that they have been fully implemented.

Representatives of the corporation submitted to the committee that "trucking safety" is being defined using key operational outcome-based measures. In this regard, work has been done to gather data, which will be used to develop measures regarding trucking safety in the province, including crash reduction, fatality and injury reduction, number of vehicles found to have safety defects, and customer service. The data has been collected through the following mechanisms:

- Work done by mobile enforcement teams in 1999. Teams travelled around the province, targeting vehicle configurations and locations that normally would not have been subject to enforcement, and segments of the industry that were engaging in weigh scale-avoidance
- Interviews conducted in June 1999 as part of an international road check program. The purpose of the interviews was to obtain feedback regarding the level of service being delivered by the branch and address the hostility between the branch and the trucking community. Of 282 interviewees, 78% of those whose vehicles were inspected, and 71% of those who were required to park and show documentation felt the outcome of those transactions was reasonable. Moreover, 96% of those who were inspected, and 86% of those who were required to show documentation, felt they were treated in a fair manner.

The Office of the Auditor General recommended that the branch should:

- Define "trucking safety", develop performance measures and set targets with respect to the desired level of safety
- Institute a program evaluation framework to provide managers with regular and accurate performance reports on its enforcement programs and, in the longer term, determine the relationship between its enforcement programs and trucking safety.

Once developed, measures will be incorporated into the corporation's plans for the year 2000, and monitored to ensure that they are appropriate.

ESTABLISHING TRUCKING SAFETY STANDARDS

Safety Education vs. Strict Enforcement of Regulations

In his original audit conducted in 1996, the Auditor General concluded that program priorities were not being communicated clearly, resulting in inconsistent regulation of the industry.

In December 1998, the branch had reported to the Auditor General that the recommendation relating to education versus strict enforcement of trucking safety regulations had been partially implemented. When representatives of the corporation

The Office of the Auditor General recommended that the branch should:

- Clearly communicate the relative emphasis that inspectors should place on educating the trucking industry about its responsibilities for safety versus strict enforcement of the regulations

attended before your committee in October 1999, they made your committee aware that the corporation, in conjunction with the Justice Institute, has undertaken development of a one-year training program for branch inspectors. The training will address issues such as the exercise of discretion, and discuss options available to inspectors. The new curriculum has been reviewed by the Ministry of Attorney General, which has responsibility for ensuring that enforcement officials are adequately trained, and by police services. Currently, there are 48 new corporation staff members receiving the training, which is expected to be completed by May/June 2000. Corporation representatives emphasized to committee members that the training is also available to longer-serving branch inspectors. In addition, the corporation's "Enforcement Guidelines Procedures Manual" explains that inspectors have an obligation to educate and promote the benefits of safe practices.

Application of National Safety Code Sanctions

The National Safety Code was developed in 1987 by the federal, provincial and territorial governments to encourage truck and bus safety, promote efficiency in the motor carrier industry, and ensure consistent safety standards in this area across Canada. In his original audit report, the Auditor General noted that there were no clear guidelines regarding when sanctions should apply as a result of failure to meet standards contained in the National Safety Code.

Your committee was made aware that the branch has not accepted the Auditor General's recommendation that clear guidelines be developed as to when and how National Safety Code sanctions are to be applied to carriers with poor safety records. However, it was submitted to committee members that there is currently a Commercial Vehicle Project underway to develop a comprehensive, enhanced National Safety Code registration system, and members were advised that the branch does plan to examine the issue of sanctions during the course of the project.

The Office of the Auditor General had recommended that the branch should:

- Develop clear guidelines as to when and how specific National Safety Code sanctions relating to carriers with poor safety records are to be applied

Centralized Monitoring

In 1996 the Auditor General determined that the branch was unable to provide assurance that safety standards were being applied consistently and uniformly throughout the province, because there was no system-wide monitoring of those standards.

The Office of the Auditor General recommended that the branch should:

- Institute a centralized monitoring function to ensure uniformity and consistency in the application of safety standards.

As of the date the Auditor General conducted his second follow-up review in December 1998, this recommendation had been partially implemented. In this regard, corporation representatives submitted that this recommendation is in progress, in that prior to the merger of the branch with the corporation, a low cost monitoring program was initiated whereby random samples of Commercial Vehicle Safety Alliance standard inspection reports were reviewed for consistency. The branch plans to conduct further work to improve this monitoring process.

TRAINING STAFF TO IDENTIFY UNSAFE TRUCKS AND DRIVERS

In his original audit, the Auditor General identified some concerns regarding the training of technical enforcement officers and carrier safety inspectors. In particular, he noted that more appropriate training for technical enforcement officers was required to meet the changing needs of the job. He therefore recommended that the branch review its curriculum to ensure it reflects current and future position requirements, including a clear understanding and interpretation of

The Office of the Auditor General had recommended that the branch should:

- Review its curriculum to ensure it reflects current and future position requirements including a clear understanding and interpretation of regulations, case preparation, court prosecution, and interpersonal relations with trucking industry personnel.

regulations, case preparation, court prosecution and interpersonal relations. The 1996 audit also revealed that 14% of technical enforcement officers had not received Commercial Vehicle Safety Alliance certification. However, the Auditor General's 1996/97 follow-up review found that this concern has been fully addressed and therefore it was not examined in the further follow-up review conducted in 1999.

Committee members were made aware that, as of December 1998, this recommendation had been fully implemented. As mentioned above on page 26 of this report, the corporation, in conjunction with the Justice Institute, has developed a training and development program that includes modules addressing the regulatory framework, requirements of the court process and customer relations skills.

REMOVAL OF UNSAFE TRUCKS AND DRIVERS FROM THE ROAD

As a result of his audit, the Auditor General made nine recommendations relating to the removal of unsafe trucks and drivers from the road. In his first follow-up audit conducted in 1997, he found that eight of those recommendations remained outstanding. A recommendation relating to coroners' recommendations had been fully implemented.

Your committee was advised that, as of December 1998, two of the eight outstanding recommendations had been fully implemented, five had been partially implemented, and one had not been accepted.

Resources and Facilities

Based on information obtained in the 1996 audit, the Auditor General concluded that:

- The branch was unable, given the level of resources, to provide assurance that all carriers would be audited for adherence to safety standards within an acceptable time period
- The branch did not have complete and reliable information regarding the size of the industry, names of carriers, their locations, and their operating patterns and practices, and as a result was unable to determine what resources were required and how they might best be used

The Office of the Auditor General had recommended that the branch should:

- Identify the trucking universe it has responsibility to regulate in order to determine an optimal level of resources to achieve the desired level of trucking safety and, at an operational level, to maximize its use of current resources
- Develop a comprehensive human resource plan to: determine the number, type, and location of staff needed in the future to provide services, and ensure that existing and new staff have the knowledge, skills, and abilities to meet ministry expectations

- The branch did not have a human resource plan to enable it to determine current and future requirements.

Committee members heard that the Auditor General's recommendation relating to identification of the corporation's trucking universe and assessment of resources was, during the course of the December 1998 follow-up review, found to be fully implemented, while the recommendation relating to human resource planning was partially implemented.

In this regard, a five-year B.C. Provincial Weigh Scale Strategy was undertaken in 1998/99 to address many of the Auditor General's recommendations around removing unsafe trucks and drivers from the road. The strategy involves a detailed review of the current weigh scale program, including the condition and location of weigh scale facilities, and the truck types and volumes operating on British Columbia's highways. The strategy also includes identification of future staffing requirements, and there are plans to develop a comprehensive staffing model.

Border Entry Points

In 1996 the Auditor General determined that, despite the fact that over the previous 10 years there had been several studies done to determine the proper location of fixed weigh scales, there had been virtually no change in fixed weigh scales at key border entry points. As such, it was noted that there was an increased probability of unsafe trucks and drivers travelling British Columbia highways.

Committee members were advised that the Auditor General's recommendation regarding review of previous facilities studies has been fully implemented, and the recommendation pertaining to monitoring of key border entry points has been partially implemented.

The committee has learned that implementation of the B.C. Provincial Weigh Scale Strategy will result in a redistribution of enforcement resources, by focusing a reduced number of fixed weigh scales on major routes and ports of entry, and moving toward increased deployment of portable weigh scales. In this regard, representatives of the corporation submitted to your committee that virtually all entry points into British

The Office of the Auditor General recommended that the branch should:

- Undertake a comprehensive review of previous facilities studies, and implement relevant and cost effective recommendations
- Find ways to monitor key border entry points such as by constructing fixed facilities or introducing regular random development of portable weigh scales to increase the probability of intercepting a larger number of unsafe trucks and drivers.

Columbia are now monitored by weigh scales, with the exception of the Osoyoos area. An area has been set aside for a weigh scale near Osoyoos, and construction is expected to begin sometime in 2000. However, currently the ombudsman's office is involved in addressing some of the concerns identified by residents opposed to the construction.

Hours of Operation – Portable and Fixed Weigh Scales

The 1996 audit determined that:

- Fixed and portable weigh scales were not being deployed to maximize their coverage by time and geographic
- Although the trucking industry operates on a 24-hours-a-day, 7-days-a-week basis, fixed weigh scales in key locations throughout the province were not operating on the same basis. In this regard, a study done by the U.S. Comptroller General had concluded that fixed scales are only effective if open for prolonged periods of time and cannot be easily bypassed. A similar study done by the Ontario Ministry of Transportation similarly determined that fixed weigh scales are more effective if their hours of operation are either unpredictable, or 7-days-a-week, 24-hours-a-day
- Hours of operation were not coordinated with fixed weigh scales in order to maximize coverage over a 24-hour period. In particular, fixed and portable weigh scales tended to operate during the same hours, leaving significant times of the day without any coverage whatsoever. Due to these concerns, it was recommended that the branch develop more flexible hours of operation for portable weigh scales.

According to the Auditor General's December 1998 follow-up review, his recommendations that the branch find ways to expand the operation of key fixed weigh scales, and develop greater flexibility in hours of operation of portable weigh scales, have been partially implemented.

In this regard, committee members learned that there are currently 3 additional weigh scales in the province that are operating seven days a week, 24 hours a day (the Pacific weigh scale at the Douglas border crossing, the Golden weigh scale located near the B.C.-Alberta border, and the

The Office of the Auditor General had recommended that the branch should:

- Find ways to operate key fixed weigh scales on a 24-hour, 7-day-a-week basis or, barring this, have regular random openings of key scales during off-hours to increase the probability of intercepting a larger number of unsafe trucks and drivers
- Develop greater flexibility in the hours of operation of portable weigh scales, thereby reducing the present pattern of mostly concurrent hours of service with fixed weigh scales

Kamloops eastbound weigh scale). Furthermore, under the B.C. Provincial Weigh Scale Strategy, \$20 million has been allocated over the five-year strategic plan period to address issues associated with weigh scale facilities. The corporation has already examined the effectiveness of all weigh scales across the province, and found that many of the weigh scales were not achieving program objectives due to changes in traffic patterns and urban encroachment. As a result, a number of weigh scales have been identified for closure. For example, the Pouce Coupe weigh scale located just outside Dawson Creek has been closed, and resources re-allocated to allow the Dawson Creek weigh scale and portable weigh scales in the area to expand their hours. In the Midway area, the fixed weigh scale has been converted to a portable weigh scale. However, it was emphasized to committee members that where resources are re-allocated from fixed scales to portable scales, the fixed scales will still be available for self-weighing by commercial vehicle operators. As well, the hours of operation for two fixed weigh scales have been expanded, and there are plans to continue to expand hours of operation once more enforcement staff have completed their training.

Committee members discussed concerns that have been raised regarding the safety of portable weigh scale operators working in isolated areas of the province. When your committee met at the end of October, 1999, members were made aware that since September 1999 there had been two incidents involving injury of portable weigh scale operators (one resulting from a motor vehicle accident, the other from an assault). As such, the corporation has worked with the Workers Compensation Board to develop a new reporting-in and dispatch procedure.

Regular Carrier Safety Audits

The Auditor General's 1996 report on trucking safety noted that, while there were approximately 26,000 commercial carriers in British Columbia at the time of the audit, there were only 11 carrier safety inspectors in the province. As a result, the branch was not able to ensure that the majority of carriers were being audited on a regular basis, but rather only some carriers from the "worst 500" profile were subject to regular audits. The Auditor General noted that this was having a detrimental impact on trucking safety in British Columbia.

The Office of the Auditor General had recommended that the branch should:

- Ensure that all carriers are subject to regular safety audits, such as once every three years

The Auditor General's recommendation regarding the frequency of carrier safety audits has not been accepted by the branch. However, your committee was made aware that the National Safety Code initiative being undertaken

by the Commercial Vehicle Project does include a re-design of carrier profile rating and selection systems.

Extension of Fines

In his 1996 report, the Auditor General cited a study done by the U.S.

Transportation Research Board in 1990, which concluded that penalties for safety violations should reach those persons who are controlling and profiting from the illegal operation, such as the owner or the shipper.

He recommended that the branch consider whether fines for safety violations should be extended to the shipper or trucking company.

The Office of the Auditor General recommended that the branch should:

- Consider whether fines for significant safety violations should be extended to the shipper or trucking company

Committee members were informed that the Auditor General's recommendation relating to a consideration of extending fines to shippers or trucking companies has been partially implemented.

In this regard, the branch is monitoring Ontario court actions regarding shipper standards, and the outcome of those will influence further work in this area. Corporation representatives also advised that they are examining the possibility of assessing penalties on those intentionally overloading commercial vehicles, and have been meeting with representatives of the shipping and trucking industries to facilitate a resolution to the problem.

As a result of a concern raised from within the committee concerning overloading of commercial vehicles by shippers, committee members were advised that the corporation also plans to explore avenues for including shippers in the new carrier incentive program. For a discussion of the carrier incentive program, see pages 36 and 37 below in this report.

BETTER WAYS TO ACHIEVE TRUCKING SAFETY

As a result of his December 1996 audit of trucking safety, the Auditor General made five recommendations aimed at finding better ways to achieve trucking safety. The first follow-up review which took place in 1997 found that none of these five recommendations had been fully implemented and, as such, a further review of their implementation status was done in December 1998. At that time, it was determined by staff of the Auditor General's office that 3 of those recommendations had been fully implemented, but that the remaining 2 recommendations had not been accepted by the branch.

Effective Deployment of Enforcement Resources

As a result of his 1996 audit of trucking safety in British Columbia, the Auditor General concluded that the branch had not modified existing programs or designed new programs consistent with more cost-effective alternatives, nor had it re-allocated program budgets to those alternatives. The Auditor General therefore recommended that the branch identify the most significant factors affecting trucking safety with a view to ensuring its enforcement resources are being deployed in the most effective manner.

The Office of the Auditor General recommended that the branch should:

- Identify the most significant factors affecting trucking safety with a view to ensuring its enforcement resources are deployed in the most effective manner.

Your committee was advised that, as of December 1998, the Auditor General's recommendation regarding effective deployment of the branch's enforcement resources was fully implemented. In particular, the corporation's Road Safety Research Department has prepared a report which identifies the main factors contributing to heavy commercial vehicle accidents, and resources are being re-allocated and enhanced in response to the report and the recommendations of the B.C. Provincial Weigh Scale Strategy.

Detecting Additional Safety Violations

As part of the 1996 audit, the Office of the Auditor General reviewed literature which indicated that there are certain common driver characteristics that are often linked to potential violations. For example, it was found that one-third of drivers with Class 1 licences (licences required prior to driving tractor-trailer units) who reported not wearing seat belts were also found significantly more likely to:

The Office of the Auditor General recommended that the branch should:

- Make fixed and portable weigh scale personnel aware of the probability of detecting additional safety violations through innovative targeting of work sites, and truckers who are not wearing seat belts or who are operating overweight vehicles
- Intentionally avoid weigh scales
 - Not receive Commercial Vehicle Safety Alliance inspection during the previous 12 months
 - Not possess a current and valid driver's licence
 - Drive more than the maximum allowable hours
 - Not perform pre-trip inspections and brake checks
 - Not visually check the position of the fifth-wheel locking jaws.

As a result, the Auditor General pointed out that focusing inspections and enforcement efforts on those not wearing seat belts could yield positive results.

Committee members were pleased to hear that the Auditor General's recommendation relating to detection of additional safety violations by fixed and portable weigh scale personnel has been fully implemented. In particular, in November 1998, a year-long commercial vehicle inspection campaign was launched, which involved mobile inspectors using innovative targeting methods to detect additional safety violations, and targeting different industry sectors, such as dump trucks and logging trucks.

Third Party Audits

When the Auditor General conducted his 1996 audit, he found that the branch was actively considering "third-party audits" as a means to provide audit coverage for all carriers in British Columbia. He noted that, according to the National Safety Code, "third-party audits" involve private sector agencies undertaking, at the expense of the carrier, a compliance audit for each carrier in the province on a tri-annual basis.

The Office of the Auditor General had recommended that the branch should:

- Determine the feasibility of third party audits as a means to increase coverage of the trucking industry

The Auditor General recommended that the branch examine the feasibility of third party audits.

However, your committee was informed that the branch has since decided not to accept this recommendation. Instead, the audit process is being re-designed as part of the National Safety Code initiative being undertaken by the Commercial Vehicle Project. The corporation has also submitted that, because the National Safety Code is a federal program, the actions that can be taken by provinces are somewhat restricted. Finally, the corporation has advised that the national body of the Canadian Council of Motor Transport Administrators has decided that all provincial jurisdictions, other than Ontario, will not adopt third party audits. The Canadian Council of Motor Transport Administrators is the national organization responsible for coordinating all matters dealing with the administration, regulation and control of motor vehicle transportation and highway safety. It is comprised of representatives from provincial, territorial and federal governments.

Enforcement of Moving Violations

"Moving violations" are those involving improper driving behaviours. In his original audit, the Auditor General noted that the branch should consider whether the focus of portable weigh scales should shift from non-moving to moving violations, although he did state that such an initiative should be approached with caution. The Auditor General's 1996 report also cited research done by the Minnesota Office of the Legislative Auditor, which found that having law enforcement and police agencies carrying out enforcement of moving violations reduces the potential for conflict arising, and is more cost-effective than having the responsibility rest with the department of transportation.

Committee members were informed by representatives of the Auditor General's office that the branch has not accepted the recommendation that the focus of enforcement be shifted to moving violations. In this regard, the corporation's written response contained in the Auditor General's report suggests that compliance inspectors are restricted by operational policy from enforcing moving violations, and that the authority to enforce moving violations rests with the police.

The Office of the Auditor General recommended that the branch should:

- As part of a development review, consider the issue of how best to shift the focus of enforcement to moving violations. It is further recommended that serious attention be paid to the U.S. model in which this function and responsibility resides with law enforcement and police agencies.

Cost-Benefit Analyses of New Technologies

A number of new technologies for regulating the trucking industry were discussed in the Auditor General's 1996 report. For example, it was noted that Oregon has had some success using weigh-in-motion sensors for determining accurate weights of commercial vehicles, and is looking to expand the weigh-in-motion program. Furthermore, studies funded by the U.S. Federal Highway Administration have tentatively concluded that computerized roller dynamometers and flat plate testers can accurately measure brake performance on commercial vehicles. Finally, there has been research in Kentucky and Ontario suggesting that on-board computerized testing equipment and "smart stations" (where sensors perform data collection) can be accurate methods for providing information about commercial vehicles and their drivers.

The Office of the Auditor General had recommended that the branch should:

- Conduct a cost-benefit analysis of various brake testing and weigh-in-motion technologies as a means to screen commercial vehicles at selected sites throughout the province

Committee members learned that the Auditor General's December 1998 follow-up review found the recommendation relating to analyses of new technologies to have been fully implemented. The corporation has assessed an infrared system designed to identify brake problems and concluded that the costs of the technology outweigh the benefits. However, other technologies are being evaluated on an ongoing basis.

THE COMMITTEE'S 1999 RECOMMENDATIONS

Your committee's consideration of the Auditor General's 1997 follow-up review of trucking safety is reported in the committee's Sixth Report of the Third Session, Thirty-Sixth Parliament, dated July 6, 1999. In addition to recommending that the corporation continue its efforts to ensure timely implementation of the Auditor General's recommendations, your committee made three other recommendations relating to implementation of a "Partners in Compliance" program, portable weigh scales and National Safety Code profile information. The committee also recommended that the corporation continue its efforts to implement the Auditor General's recommendations, and that corporation representatives re-attend before the committee to provide a report on progress made.

Implementing the Partners in Compliance Program:

In 1997, the Task Force on Commercial Vehicle Safety, chaired by Paul Landry of the B.C. Trucking Association and Vicki Farrally of the Motor Vehicle Branch, recommended to the Minister of Transportation and Highways that B.C. establish a safe carrier reward/recognition program. In its report, the task force referenced the Partners in Compliance program initiated by the Alberta Trucking Association and the Government of Alberta in 1995. The report stated that the task force had reviewed the Alberta Partners in Compliance program, and was of the opinion that it represented a good model for a carrier recognition program in B.C.

The Partners in Compliance program, as implemented in Alberta, requires that carriers who join the program commit to a high level of compliance to benchmark criteria, monitor their own operations, submit reports on a monthly basis, and agree to random vehicle inspections. This allows the government to focus on those carriers who are not complying

In its Sixth Report, 3rd Session, 36th Parliament, the Select Standing Committee on Public Accounts recommended that the branch:

- Implement the Partners in Compliance Program in British Columbia as soon as possible, in order to improve the relationship and lessen hostility between the branch and trucking community

with safety regulations and therefore require greater enforcement attention. The effect of the program is to promote the hiring of trucking firms operating safe and efficient equipment.

The committee's Sixth Report for the Third Session, Thirty-Sixth Parliament, recommends that the Partners in Compliance program be implemented in British Columbia as soon as possible.

In this regard, corporation representatives advised the committee that consultation with stakeholders following the April 1997 report of the Task Force on Commercial Vehicle Safety revealed that implementation of a Partners in Compliance program was a low priority. However, the corporation is of the view that it is important to recognize those carriers in the province who are performing well and adhering to safety standards. Therefore, the corporation has established a Carrier Incentive project, led by Vice-President Terry Condon, which has a somewhat broader scope than Alberta's Partners in Compliance program. The goal of the project is to improve British Columbia's competitive position by improving business efficiencies. As of October 1999, stakeholder consultation was underway, and it was anticipated that a project team would be in place by December 1999. Corporation representatives anticipate that some of the elements of the program will be in place in 2000.

Hours of Operation – Portable Weigh Scales:

As of the spring of 1999, there were 34 portable weigh scales operating in British Columbia. During its deliberations on the 1997 trucking safety follow-up review, the committee had expressed concern about the ability of the branch to intercept unsafe trucks and drivers, given the limited hours worked by portable weigh scale operators.

At that time, committee members were advised that the branch was considering expanding the hours of portable weigh scales, following an examination of issues such as the personal safety of portable weigh scale operators, access to the branch's information database, and reporting. As a result, the committee recommended in its

Sixth Report of the Third Session, Thirty-Sixth Parliament, that the branch expand the hours of operation of portable weigh scales in order to increase the probability of intercepting a larger number of unsafe trucks and drivers.

As discussed above in this report at page 31, the corporation is involved in a phased-in plan to re-allocate resources to weigh scales identified as more

In its Sixth Report, 3rd Session, 36th Parliament, the Select Standing Committee on Public Accounts recommended that the branch:

- Expand the hours of operation of portable weigh scales in order to increase the probability of intercepting a larger number of unsafe trucks and drivers

effective in meeting weigh scale program objectives, including portable weigh scales. As part of the plan, there is an intention to convert more fixed weigh scales over to portable operations over the next couple of years.

Utilization of National Safety Code Profile Information

The National Safety Code was developed in 1987 by the federal, provincial and territorial governments to encourage truck and bus safety, promote efficiency in the motor carrier industry, and ensure consistent safety standards in this area across Canada. According to corporation representatives, it is analogous to the driver penalty point system currently in place in British Columbia. National Safety Code certification is a requirement for operating a commercial vehicle business in British Columbia.

When your committee considered the Auditor General's first follow-up review of trucking safety in the spring of 1999, members were advised by representatives of the branch that, rather than implementing the Auditor General's recommendation to use third-party auditors, the branch was participating in a national review of the National Safety Code program, to address a lack of uniformity in rating systems across Canada. In its sixth report of the Third Session, 36th Parliament, your committee recommended that the branch consider whether information in National Safety Code motor carrier profiles may be used to determine whether licensing and insurance can be obtained by commercial carriers and farm vehicle operators in British Columbia.

In its Sixth Report, 3rd Session, 36th Parliament, the Select Standing Committee on Public Accounts recommended that the branch:

- Consider whether information in National Safety Code profiles may be utilized to determine whether licensing and insurance can be obtained by commercial carriers and farm vehicle operators in British Columbia

When representatives of the corporation attended before the committee in October 1999, they submitted that under existing legislation the corporation is unable to tie National Safety Code profiles to licensing and insurance services. Moreover, they submitted that since the corporation is not the only insurer for commercial vehicles operating in British Columbia, to refuse insurance services on the basis of National Safety Code profiles would unfairly target only corporation customers, not the customers of other insurers. Committee members were also advised that currently, the corporation does not look at National Safety Code profiles in determining premium rates, which are instead determined by *loss experience* rather than *loss potential*.

However, committee members heard that the corporation is continuing its work to define the National Safety Code program as it operates in British Columbia, by improving the application process and ensuring that applicants understand safety standard requirements. As well, the corporation plans to use National Safety Code profiles as one of the criteria for determining participation in the Carrier Incentive program. In this regard, committee members learned that reduction of insurance rates and enhanced claims services for commercial vehicle operators based on good National Safety Code profiles may be incentive options.

RECOMMENDATIONS

Your committee recommends that:

9. The government ensure full implementation of the Auditor General's recommendations contained in his Report 4 of 1996/97, *Trucking Safety*, as follows:
 - The branch [Motor Vehicle Branch] should define "trucking safety", develop performance measures and set targets with respect to the desired level of safety
 - The branch should institute a program evaluation framework to provide managers with regular and accurate performance reports on its enforcement programs and, in the longer term, determine the relationship between its enforcement programs and trucking safety
 - The branch should clearly communicate the relative emphasis that inspectors should place on educating the trucking industry about its responsibilities for safety versus strict enforcement of the regulations
 - The branch should develop clear guidelines as to when and how specific National Safety Code sanctions relating to carriers with poor safety records are to be applied
 - The branch should institute a centralized monitoring function to ensure uniformity and consistency in the application of safety standards
 - The branch should develop a comprehensive human resource plan to: determine the number, type, and location of staff needed in the future to provide services; and ensure that existing and new staff have the knowledge, skills and abilities to meet ministry expectations
 - The branch should find ways to monitor key border entry points such as by constructing fixed facilities or introducing regular random deployment of portable weigh scales to increase the probability of intercepting a larger number of unsafe trucks and drivers

- The branch should find ways to operate key fixed weigh scales on a 24-hour, 7-day-a-week basis or, barring this, have regular random openings of key scales during off-hours to increase the probability of intercepting a larger number of unsafe trucks and drivers
 - The branch should develop greater flexibility in the hours of operation of portable weigh scales, thereby reducing the present pattern of mostly concurrent hours of service with fixed weigh scales
 - The branch should ensure that all carriers are subject to regular safety audits, such as once every three years
 - The branch should consider whether fines for significant safety violations should be extended to the shipper or trucking company
 - The branch should, as part of a development review, consider the issue of how best to shift the focus of enforcement to moving violations. It is further recommended that serious attention be paid to the U.S. model in which this function and responsibility resides with law enforcement and police agencies
10. The Motor Vehicle Branch continue its efforts to implement a carrier incentive program in British Columbia.
 11. The Motor Vehicle Branch continue its efforts to expand the operation of portable weigh scales in order to increase the probability of intercepting a larger number of unsafe trucks and drivers.
 12. The Motor Vehicle Branch table a report with the Auditor General's office no later than October 31, 2000, clearly stating the progress which has, or has not, been made with respect to recommendations 9, 10 and 11.

THE FOLLOW UP PROCEDURE

On April 4, 2000, your committee approved a new process for following up on the implementation status of the Auditor General's recommendations, as well as recommendations made by the committee in its reports to the House. The new procedure was arrived at through work done jointly by the committee, the Office of the Auditor General and the Office of the Comptroller General, and will greatly assist the committee in its efforts to monitor actions taken by the government in response to recommendations. The new procedure has been summarized in a document entitled *Guide to the Follow-up Process*, which is available in the Office of the Clerk of Committees, the Office of the Auditor General, the Office of the Comptroller General, and on the Legislative Assembly homepage at www.legis.gov.bc.ca/cmt/cmt12. A copy of the guide can be found at Appendix IV of this report.

The committee plans to aggressively monitor the effectiveness of the new follow-up procedure.

APPENDICES

I – SUMMARY OF OFFICE OF THE AUDITOR GENERAL RECOMMENDATIONS

Ministry of Finance and Corporate Relations - Management of Travel

As a result of its original audit reported in 1997, the Office of the Auditor General had recommended that:

- Government should review the recommendations contained in the recent Ministry of Finance and Corporate Relations' report to Treasury Board on government travel, and take the necessary steps to reduce travel expenditures.
- Government should develop both short-term and long-term strategies for collecting information to manage travel. Short-term strategies include better use of existing systems such as those available through the corporate travel card contract. Long-term strategies include decisions on developing travel components in the government-wide Corporate Accounting System or better using information systems offered by travel service providers.
- Government should consolidate travel policies in one document and ensure they are available to all who travel or approve travel. In addition, a pocket version of the policies should be developed for easy reference by employees
- Government should ensure that communications to employees include specific guidelines and examples that demonstrate its philosophy that employees should use the most cost-effective method when making travel choices.
- Government should monitor how travel dollars are spent and through strategic planning, policy development and evaluation ensure that value for money is maximized and travel policies are accomplishing what is intended
- The government should proceed with one or more of the airfare savings options identified in the 1994 study prepared for Cabinet, as a means of reducing the cost of air travel, and continue to monitor the industry for new opportunities for savings
- The government should consider the recommendation of the 1995 Government Travel Review to remove rates as a bargaining item in the union agreements and review the meal and incidental rates to determine whether multiple reimbursement rates are appropriate. It should also

review the kilometric reimbursement rate to ensure that it is based on actual costs.

- The government should periodically obtain information on meal costs for the most frequently travelled locations in the Province, based on a level of service which it has defined, and compare the results to the reimbursement rates to ensure they are reasonable
- The government should continue to promote the use of its corporate travel card
- The government should review the cost-benefit of automating travel related systems and take a comprehensive and integrated approach to the streamlining of expense processing, reimbursement, payment to suppliers, and information management of the travel function. This approach should provide direction and support to ministries currently attempting to carry out these initiatives on their own
- As recommended in the 1995 Government Travel Review, the government should develop a government-wide policy on video-conferencing and continue to promote its use across government.

Public Service Employee Relations Commission and Public Sector Employers Council - Executive Severance:

- Where working notice is not a practical severance option, the Public Service Employee Relations Commission's severance policy should identify alternative strategies.
- As part of its periodic review of severance arrangements with senior executives at the Deputy and Associate Deputy Minister levels, government should consider both strengthening measures to control "double dipping" and providing terminated employees the option to receive either discounted lump sum payments or full salary continuance.
- As soon as possible, the Public Service Employee Relations Commission should computerize all employee severance information.
- The Public Sector Employers' Council should quickly approve the Crown Corporation Employers' Association guidelines, and require early submission of individual Crown corporation proposals.
- Employment contracts should contain severance provisions that reflect common law standards.
- Crown corporation severance arrangements exceeding sector guidelines should require formal approval by the Public Sector Employers' Council before finalization.
- Where severance provisions are not covered under any collective agreement, Crown corporations should be required to report annually to the Legislative Assembly the number of severance arrangements

negotiated in the previous year and the range of equivalent months' gross salaries such arrangements represent.

Insurance Corporation of British Columbia - Trucking Safety

The branch [Motor Vehicle Branch] should:

- Define "trucking safety", develop performance measures and set targets with respect to the desired level of safety. Institute a program evaluation framework to provide managers with regular and accurate performance reports on its enforcement programs and, in the longer term, determine the relationship between its enforcement programs and trucking safety.
- Clearly communicate the relative emphasis that inspectors should place on educating the trucking industry about its responsibilities for safety versus strict enforcement of the regulations
- Develop clear guidelines as to when and how specific National Safety Code sanctions relating to carriers with poor safety records are to be applied
- Institute a centralized monitoring function to ensure uniformity and consistency in the application of safety standards.
- Review its curriculum to ensure it reflects current and future position requirements including a clear understanding and interpretation of regulations, case preparation, court prosecution, and interpersonal relations with trucking industry personnel.
- Identify the trucking universe it has responsibility to regulate in order to determine an optimal level of resources to achieve the desired level of trucking safety and, at an operational level, to maximize its use of current resources
- Develop a comprehensive human resource plan to: determine the number, type, and location of staff needed in the future to provide services; and ensure that existing and new staff have the knowledge, skills, and abilities to meet ministry expectations
- Undertake a comprehensive review of previous facilities studies, and implement relevant and cost-effective recommendations
- Find ways to monitor key border entry points such as by constructing fixed facilities or introducing regular random deployment of portable weigh scales to increase the probability of intercepting a larger number of unsafe trucks and drivers
- Find ways to operate key fixed weigh scales on a 24-hour, 7-day-a-week basis or, barring this, have regular random openings of key scales during off-hours to increase the probability of intercepting a larger number of unsafe trucks and drivers

- Develop greater flexibility in the hours of operation of portable weigh scales, thereby reducing the present pattern of mostly concurrent hours of service with fixed weigh scales
- Ensure that all carriers are subject to regular safety audits, such as once every three years
- Consider whether fines for significant safety violations should be extended to the shipper or trucking company
- Identify the most significant factors affecting trucking safety with a view to ensuring its enforcement resources are deployed in the most effective manner.
- Make fixed and portable weigh scale personnel aware of the probability of detecting additional safety violations through innovative targeting of work sites, and truckers who are not wearing seat belts or who are operating overweight vehicles
- Determine the feasibility of third party audits as a means to increase coverage of the trucking industry
- As part of a development review, consider the issue of how best to shift the focus of enforcement to moving violations. It is further recommended that serious attention be paid to the U.S. model in which this function and responsibility resides with law enforcement and police agencies.
- Conduct a cost-benefit analysis of various brake testing and weigh-in-motion technologies as a means to screen commercial vehicles at selected sites throughout the province

II – SUMMARY OF COMMITTEE RECOMMENDATIONS

Your committee recommends that:

1. The government ensure full implementation of the Auditor General's recommendations contained in his Report 7 of 1996/97, *Management of Travel*, as follows:
 - The government should review the recommendations contained in the recent Ministry of Finance and Corporate Relations report to Treasury Board on government travel and take necessary steps to reduce travel expenditures
 - The government should monitor how travel dollars are spent and through strategic planning, policy development and evaluation ensure that value for money is maximized and travel policies are accomplishing what is intended
 - The government should proceed with one or more of the airfare savings options identified in the 1994 study prepared for Cabinet, as a means of reducing the cost of air travel, and continue to monitor the industry for new opportunities for savings
 - The government should consider the recommendation of the 1995 Government Travel Review to remove rates as a bargaining item in the union agreements and review the meal and incidental rates to determine whether multiple reimbursement rates are appropriate
 - The government should review the cost-benefit of automating travel related systems and take a comprehensive and integrated approach to the streamlining of expense processing, reimbursement, payment to suppliers, and information management of the travel function. This approach should provide direction and support to ministries currently attempting to carry out these initiatives on their own
2. The government should conduct a cost-benefit analysis with respect to the use of Electronic Travel Voucher forms.
3. The government should continue its efforts to add a corporate travel module to the Corporate Accounting System.
4. The government should consider establishing an audit program to monitor compliance with the terms of Preferred Travel Agency Agreements.
5. A report prepared by the Ministry of Finance and Corporate Relations should be tabled with the Select Standing Committee on Public Accounts, as to what has actually been done with respect to recommendations 1, 2, 3 and 4. This report is to be tabled no later than October 31, 2000.

6. The government ensure full implementation of the Auditor General's recommendations contained in his Report 8 of 1996/97, *Executive Severance Practices: Government Ministries and Crown Corporations*, as follows:
 - The Public Sector Employers' Council should require early submission of individual Crown corporation proposals
 - Where severance provisions are not covered under any collective agreement, Crown corporations should be required to report annually to the Legislative Assembly the number of severance arrangements negotiated in the previous year and the range of equivalent months' gross salaries such arrangements represent.
7. The government should continue its efforts to collect and analyze severance information and exempt employment contracts in order to ensure that severance arrangements and provisions reflect common law standards as referenced in the *Employment Termination Standards*.
8. The Public Sector Employers' Council is to table a report with the Auditor General's office no later than October 31, 2000, clearly stating the progress which has, or has not, been made with respect to recommendations 6 and 7.
9. The government ensure full implementation of the Auditor General's recommendations contained in his Report 4 of 1996/97, *Trucking Safety*, as follows:
 - The branch [Motor Vehicle Branch] should define "trucking safety", develop performance measures and set targets with respect to the desired level of safety
 - The branch should institute a program evaluation framework to provide managers with regular and accurate performance reports on its enforcement programs and, in the longer term, determine the relationship between its enforcement programs and trucking safety
 - The branch should clearly communicate the relative emphasis that inspectors should place on educating the trucking industry about its responsibilities for safety versus strict enforcement of the regulations
 - The branch should develop clear guidelines as to when and how specific National Safety Code sanctions relating to carriers with poor safety records are to be applied
 - The branch should institute a centralized monitoring function to ensure uniformity and consistency in the application of safety standards
 - The branch should develop a comprehensive human resource plan to: determine the number, type, and location of staff needed in the future to provide services; and ensure that existing and new staff have the knowledge, skills and abilities to meet ministry expectations

- The branch should find ways to monitor key border entry points such as by constructing fixed facilities or introducing regular random deployment of portable weigh scales to increase the probability of intercepting a larger number of unsafe trucks and drivers
 - The branch should find ways to operate key fixed weigh scales on a 24-hour, 7-day-a-week basis or, barring this, have regular random openings of key scales during off-hours to increase the probability of intercepting a larger number of unsafe trucks and drivers
 - The branch should develop greater flexibility in the hours of operation of portable weigh scales, thereby reducing the present pattern of mostly concurrent hours of service with fixed weigh scales
 - The branch should ensure that all carriers are subject to regular safety audits, such as once every three years
 - The branch should consider whether fines for significant safety violations should be extended to the shipper or trucking company
 - The branch should, as part of a development review, consider the issue of how best to shift the focus of enforcement to moving violations. It is further recommended that serious attention be paid to the U.S. model in which this function and responsibility resides with law enforcement and police agencies
10. The Motor Vehicle Branch continue its efforts to implement a carrier incentive program in British Columbia.
 11. The Motor Vehicle Branch continue its efforts to expand the operation of portable weigh scales in order to increase the probability of intercepting a larger number of unsafe trucks and drivers.
 12. The Motor Vehicle Branch table a report with the Auditor General's office no later than October 31, 2000, clearly stating the progress which has, or has not, been made with respect to recommendations 9, 10 and 11.

III – INSURANCE CORPORATION OF BRITISH COLUMBIA - TARGET COMPLETION DATES FOR AUDITOR GENERAL RECOMMENDATIONS IN PROGRESS

- Define "trucking safety", develop performance measures and set targets with respect to the desired level of safety – December 2000
- Institute a program evaluation framework to provide managers with regular and accurate performance reports on its enforcement programs and, in the longer term, determine the relationship between its enforcement programs and trucking safety – December 2000
- Clearly communicate the relative emphasis that inspectors should place on educating the trucking industry about its responsibilities for safety versus strict enforcement of the regulations – Training for new staff to be completed June 2000; 3 additional offerings for new staff to be completed in 2000; upgrade training for over 200 existing staff to begin May 2000, and be completed by June 2001
- Institute a centralized monitoring function to ensure uniformity and consistency in the application of safety standards - September 2000
- Develop a comprehensive human resource plan to determine the number, type and location of staff needed in the future to provide services; and ensure that existing and new staff have the knowledge, skills and abilities to meet ministry expectations - December 2000
- Find ways to monitor key border entry points such as by constructing fixed facilities or introducing regular random deployment of portable weigh scales to increase the probability of intercepting a larger number of unsafe trucks and drivers – Full implementation of the Weigh Scale Strategic Plan including a construction program will extend over a 5-year period beginning in 1999; ICBC has allocated an additional \$8.3 million capital and \$3 million operating costs to the strategic plan implementation for years 2000 and 2001
- Find a way to operate key fixed weigh scales on a 24-hour, 7-day-a-week basis or, barring this, have regular random openings of key scales during off-hours to increase the probability of intercepting a larger number of unsafe trucks and drivers – fixed scales will operate 7 days per week, 24 hours per day once new staff training is completed, as Police Services will not allow staff enforcement prior to completion of training; 6 scales will operate 7 X 24 by June 2000; 1 will operate 7 X 24 by December 2000; the remaining 3 fixed scales will operate 7 X 24 as of July 2001

- Develop greater flexibility in the hours of operation of portable weigh scales, thereby reducing the present pattern of mostly concurrent hours of service with fixed weigh scales – June 2000 onward
- Consider whether fines for significant safety violations should be extended to the shipper or trucking company – action on this item has been deferred pending outcome of shipping cases in Ontario

IV – GUIDE TO THE FOLLOW-UP PROCESS

GUIDE TO THE FOLLOW-UP PROCESS



Select Standing Committee on Public Accounts

Legislative Assembly of British Columbia



Version 1.0 April 13, 2000

About the Committee

The Select Standing Committee on Public Accounts is an all-party select standing committee of the Legislative Assembly. The committee is currently composed of 12 members, including a Chair and Deputy Chair. The committee is supported in its work by the Office of the Clerk of Committees, which provides procedural advice, and administrative and research support.

The committee's Terms of Reference include, but are not limited to, the following powers:

- Consider all reports of the Auditor General which have been referred to the committee by the Legislative Assembly
- Sit during a period in which the House is adjourned or recessed
- Send for persons, papers and records
- Report to the House on its deliberations.

Committee Meetings

While the Legislative Assembly is in session, the committee normally meets once per week (currently every Tuesday morning from 8:30 to 10:00, although the committee can sit while the House is sitting, and during the "intersessional" period). Committee proceedings are recorded and published in *Hansard*, which is available on the Legislative Assembly web site at www.legis.gov.bc.ca/cmt/.

The Auditor General and the Comptroller General are officials of the committee, and are usually present at committee meetings. During meetings, representatives of the Auditor General's office make a presentation of their audit findings. Representatives of audited organizations also attend as witnesses before the committee, and provide information to the committee regarding actions taken to address the Auditor General's

recommendations. Following each presentation, committee members are provided with the opportunity to ask questions of witnesses. Members of the Legislative Assembly may examine, in the same manner, witnesses, with the approval of the committee.

After initial consideration of a report, the committee often wishes to follow-up the progress made in implementing the Auditor General's recommendations, or recommendations made by the committee to the House, and adopted by the House. In the past, this has most often been done by requesting that witnesses re-attend before the committee. As well, the Office of the Auditor General often performs follow-up reviews of audited organizations. These two procedures have now been coordinated, and the new procedure is outlined below.

The Follow-Up Process

1. Following an audited organization's appearance before the committee, representatives of the Auditor General's office will contact representatives of the audited organization and request that a progress update be provided to the Office of the Auditor General within a period of time (usually 5 months).
2. Audited organizations must prepare a written response in the format noted below, and direct it to the Office of the Auditor General. In drafting the written response, organization representatives may wish to consult with the Office of the Comptroller General, and/or the Office of the Auditor General. As well, the Office of the Clerk of Committees would be pleased to answer any questions regarding the work of the committee, and committee procedure.
3. All written responses submitted by audited organizations are reviewed by the Office of the Auditor General to generally confirm the fairness of information about the progress made in implementing the recommendations contained in the Auditor General's report.
4. All written responses, and results of the Auditor General's review thereof, are provided to the Office of the Clerk of Committees for distribution to each committee member (normally 6 months after the witnesses' attendance before the committee). These materials are also provided to the audited organization and the Office of the Comptroller General.
5. Once the committee has tabled its report on the matter in the House, all written responses become public documents, and are not subject to *Freedom of Information and Protection of Privacy Act* procedures. Written responses, along with the Auditor General's review thereof, are also tabled in the Legislative Assembly on a bi-annual basis (March and October, although this is subject to variation). The Clerk of Committees should be advised well in advance of any material considered to be confidential.
6. Following review of the written response and the Auditor General's comments, the committee may request that representatives of the audited organization re-appear before the committee to provide further information, or that further information be provided to the committee in written form.
7. The Office of the Comptroller General will arrange for witnesses to attend where the committee has asked for a return presentation based on the written follow-up.

Format of Written Responses

Written follow-up information prepared by audited organizations in response to a request from the Office of the Auditor General should include the following items:

- Date of the written response
- A brief introduction to and summary of the topic being considered, including a reference to the period during which the audit was conducted, date(s) the audit was considered by the Public Accounts Committee, and how many of the recommendations have been fully implemented, partially implemented or not implemented to date
- A brief response to **each** recommendation made by the Auditor General (unless specifically advised to address only particular recommendations), including all actions taken to implement each recommendation
- A workplan for implementation of the Auditor General's recommendations, including information on the means by which each recommendation will be implemented, time frames for implementation, identification of branches with primary responsibility for implementation, and procedures in place to monitor progress in implementing the recommendations
- Any other information relevant to the Auditor General's or Public Accounts Committee's recommendations, including planned or current projects, studies, seminars, meetings, etc.
- Contact information for ministry/government organization representatives who have primary responsibility for responding to the Auditor General's recommendations (name, title, branch, phone and fax numbers, e-mail address)
- The reports are to be signed by a senior official responsible for the area, normally an assistant deputy Minister or vice-president
- Reports should be relatively brief (e.g. 5 – 10 pages), although attachments are acceptable
- If guidance is needed in preparing the follow-up report, please contact any of the offices noted below.

Contact Information:				
	Contact	Email	Phone	Fax
Office of the Clerk of Committees	Kelly Dunsdon, Committee Researcher	kelly.dunsdon@leg.bc.ca	250-356-1623	250-356-8172
Office of the Auditor General	Doreen Sullivan, Executive Coordinator	dsullivan@oag.bc.ca	250-356-2627	250-387-1230
Office of the Comptroller General	Arn van Iersel, Comptroller General	arn.vaniersel@gems8.gov.bc.ca	250-387-6692	250-356-2001

V – LIST OF RESEARCH DOCUMENTS AND WRITTEN SUBMISSIONS

Management of Travel:

- British Columbia, Ministry of Finance and Corporate Relations, Office of the Comptroller General, Financial Management Branch, *Pocket Travel Guide for Business Travellers*, 1999
- Office of the Auditor General of British Columbia, *1999 Follow-up of Performance Audits/Review, Management of Travel, Presentation to the Select Standing Committee on Public Accounts*, October 1999
- British Columbia, Ministry of Finance and Corporate Relations, Office of the Comptroller General, Financial Management Branch, *Presentation to the Public Accounts Committee*, October 26, 1999
- British Columbia, Ministry of Finance and Corporate Relations, *Government Travel Review*, 1996
- United States General Services Administration, Office of Government Policy, Office of Transportation and Personal Property, Travel and Transportation, *Federal Traveler's Quick Reference Guide*, <http://policyworks.gov/org/main/mt/homepage/mtt/quickref.shtml>

Executive Severance Practices

- Office of the Auditor General of British Columbia, *1999 Follow-up of Performance Audits/Reviews, Executive Severance Practice, Presentation to the Select Standing Committee on Public Accounts*, October 1999
- British Columbia, Public Sector Employers' Council Secretariat, *Follow-up Response to Auditor General's Recommendations on Crown Severances*, October 1999
- British Columbia, Ministry of Government Management Services, *Government Severance Policy*, 1989
- British Columbia, Commission of Inquiry into the Public Service and Public Sector (Judi Korbin, Commissioner), *Final Report: The Public Service in British Columbia*, 1993
- British Columbia, Public Sector Employers' Council, *A Guide to Public Sector Employment Termination Standards*, 1997
- *Wallace v. United Grain Growers Ltd.* [1997] 3 S.C.R. 701

- Correspondence from Sharon Quan, Benefits Advisor, PSERC to Kelly Dunsdon, Committee Researcher, Office of the Clerk of Committees, dated May 1, 2000

Trucking Safety

- Office of the Auditor General of British Columbia, *1999 Follow-up of Performance Audits/Reviews, Trucking Safety, Presentation to the Select Standing Committee on Public Accounts*, October 1999
- Insurance Corporation of British Columbia, *Auditor General's Trucking Safety Recommendations: Completion Plan*, undated
- Insurance Corporation of British Columbia, *Truck Safety Status Report*, October 26, 1999
- British Columbia, Ministry of Transportation and Highways, Task Force on Commercial Vehicle Safety, *Report to the Minister of Transportation and Highways*, April 2, 1997
- British Columbia, Ministry of Transportation and Highways, Motor Carrier Commission Regulatory Reform Committee, *Motor Carrier Regulatory Review*, April 1997
- Office of the Provincial Auditor of Ontario, *1997 Annual Report, "Ministry of Transportation, Commercial Vehicle Safety and Regulation"*, 1997
- United States General Accounting Office, *Truck Safety: Motor Carriers Office's Activities to Reduce Fatalities are Likely to Have Little Short-term Effect*, February 23, 1999
- United States General Accounting Office, *Truck Safety: Effectiveness of Motor Carriers Office Hampered by Data Problems and Slow Progress on Implementing Safety Initiatives*, March 17, 1999